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Intelligence Information Cable

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 ROUTINE
 IN 161176
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 RELEASABLE TO CONTRACTORS OR CONTRACTOR/CONSULTANTS--DISSEMINATION
 AND EXTRACTION OF INFORMATION CONTROLLED BY ORIGINATOR

COUNTRY: PANAMA

DOI :

 SUBJECT: COMMENTS BY GENERAL OMAR TORRIJOS HERRERA ON HIS CONCERN
 OVER THE GOVERNMENTS FINANCIAL SITUATION AND HIS PLANS
 FOR IMPLEMENTING AUSTERITY MEASURES

ACQ :

SOURCE :

1,

GENERAL OMAR T O R R I J O S

HERRERA, CHIEF OF GOVERNMENT, TOLD

 FRIENDS THAT HE REMAINED VERY CONCERNED ABOUT THE
 GOVERNMENT'S FINANCIAL CONDITON. TORRIJOS SAID THERE HAD BEEN
 A TREMENDOUS WASTE AND MISUSE OF MONEY THROUGHOUT THE GOVERNMENT.
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AND THAT HIS OWN RELATIVES WERE PARTLY TO BLAME. HE SAID THAT MANY OF HIS FAMILY, WHO PRIOR TO HIS COMING TO POWER HAD NOTHING, NOW PUT ON SUCH OSTENTATIOUS AIRS THAT THEIR ACTIONS WERE DAMAGING TO BOTH THE GOVERNMENT AND TO HIMSELF.

2. TORRIJOS SAID THAT BEGINNING IMMEDIATELY HE WOULD KEEP A CLOSE ACCOUNTING OF THE ACTIONS OF ALL SENIOR GOVERNMENT OFFICIALS AND WOULD PUNISH ANYONE CAUGHT IN ILLICIT PROFIT-MAKING SCHEMES OR WASTING GOVERNMENT FUNDS. TORRIJOS SAID HE WOULD SOON ANNOUNCE A MEASURE TO REDUCE THE MONTHLY SALARIES OF 500 SENIOR OFFICIALS. HE SAID THE MEASURE WOULD AFFECT HIMSELF, PRESIDENT DEMETRIO BASILIO L A K A S, CABINET MINISTERS AND HEADS OF AUTONOMOUS AGENCIES, AND OTHER SENIOR CIVIL OFFICIALS. THE PAY REDUCTION, HE SAID, WAS NECESSARY TO SET THE EXAMPLE THAT ALL PANAMANIANS HAD TO CONTRIBUTE TO THE CAUSE OF COMBATTING THE NATION'S ECONOMIC CRISIS. TORRIJOS ADDED THAT THERE WERE ENTIRELY TOO MANY OFFICIAL GOVERNMENT VEHICLES IN SERVICE AND THAT HE INTENDED TO CUT BACK DRASTICALLY THE TOTAL NUMBER.

3. TORRIJOS ALSO STATED THAT PANAMA'S DIPLOMATIC CORPS WAS IN FOR AUSTERITY MEASURES. HE SAID HE PLANNED TO CLOSE SEVERAL EMBASSIES AND EXPAND THE RESPONSIBILITY OF OTHERS TO INCLUDE

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COVERAGE OF MORE THAN ONE COUNTRY, TORRIJOS SAID HE WAS THINKING OF RECALLING PANAMA'S AMBASSADOR TO CUBA, EFEBODIAZ HERRERA. HE POINTED OUT THAT DIAZ' PRESENCE IN HAVANA WAS COSTING THE PANAMANIAN GOVERNMENT US \$10,000 MONTHLY, AND THAT IF HE WERE RECALLED THE COST FOR MAINTAINING A CHARGE THERE WOULD BE REDUCED TO US \$2000 MONTHLY. [REDACTED] COMMENT: EFEBODIAZ IS A FIRST COUSIN OF TORRIJOS.)

(b)(1)
(b)(3)

4. [REDACTED]

[REDACTED]
[REDACTED] TORRIJOS HAD LITTLE ROOM TO CRITICIZE REGARDING THE ISSUE OF FAMILY MEMBERS ENRICHING THEMSELVES SINCE TORRIJOS ASSUMED POWER IN 1969. [REDACTED]

(b)(1)
(b)(3)

[REDACTED]
[REDACTED] SUSPECTED THAT ERNESTO PEREZ BALLADARES, THE NEW MINISTER OF FINANCE, WAS BEHIND THIS NEW PROGRAM OF HIGH-LEVEL AUSTERITY. [REDACTED] TORRIJOS SEEMED DISPOSED TO CARRY OUT THE VERY MEASURES HE OUTLINED, EVEN THOUGH THEY WERE QUITE DRASTIC.

(b)(1)
(b)(3)

5. [REDACTED]

(b)(1)
(b)(3)**SECRET**

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[REDACTED] IF AUSTERITY MEASURES WERE TO BE TAKEN, THEY SHOULD
AFFECT BOTH SENIOR CIVILIAN AND MILITARY MEMBERS OF THE
GOVERNMENT. [REDACTED]
TORRIJOS WOULD NEVER TAKE MEASURES THAT WOULD AFFECT OFFICERS
OF THE NATIONAL GUARD.

(b)(1)

(b)(3)

(b)(1)

(b)(3)

6. [REDACTED]

(b)(1)

(b)(3)

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